

The pursuit of
Excellence
never retires



Mission

MOSERS exists to advance the financial security of its members.

Vision

We endeavor to:

- Exceed customer expectations
- Educate stakeholders
- Ensure sound investment practices
- Encourage responsible funding of the plan through a commitment to

Excellence Always.

Values

- Quality
- Respect
- Integrity
- Openness
- Accountability



Letter from the Executive Director

It is my pleasure to present *MOSERS' Summary Annual Financial Report* which provides a brief overview of our financial results during fiscal year 2015, and additionally serves to provide useful measurements for the evaluation of our programs and a foundation for strategic decision making.

Over the last two decades, it has been my honor to serve as the executive director of MOSERS. I would like to take this opportunity to acknowledge the board, staff, trusted advisors, and colleagues who have tirelessly given their time and expertise to exceed expectations and advance the financial security of our

members. It takes a group of steadfast individuals to commit to their jobs on a daily basis through both good and challenging times. I am extremely grateful for the opportunity I have had to play a role in the delivery of benefit services to the dedicated hard working public servants who have chosen state employment as an important part of their career paths. It has been rewarding beyond my expectations.

In January 2016, I will be joining the ranks of MOSERS' retirees. I am looking forward to field testing our product and am confident that MOSERS will continue to serve the interests of the membership with the same focus on and commitment to excellence in the future as has been the case in the past because above all, what I know for sure is that, the pursuit of excellence never retires.

Gary Findlay
Executive Director

A few of the numerous employees who contributed to MOSERS' success over the last 20 years are featured throughout this report. These employees, now enjoying their own retirements, furthered MOSERS' pursuit of excellence and service during their tenure. Their commitment to the organization helped build the solid foundation and steadfast culture now entrusted to future employees responsible for advancing the financial security of members.



I think what has always impressed me the most is MOSERS' commitment to excellence. The philosophy of "what gets measured, gets managed and what gets managed gets done," is key throughout the organization. Staff continually looks for ways to improve returns, customer service and cost-effectiveness by way of measuring their performance against various benchmarks without losing sight of their mission to provide financial security for state employees. It was both an honor and a privilege to work there for over 23 years.



— Judy Delaney, Retired Legislative Policy Coordinator
Years of Service: 1992 - 2015

Letter from the Board Chair

October 16, 2015

Dear Members:

On behalf of the board of trustees, I am pleased to present the MOSERS *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2015. While the focus of this report is on information related to the financial status of your retirement system, it also highlights other changes that occurred during the year. The *Financial Section* of this report is prepared in accordance with generally accepted accounting principles and includes financial statements that are appropriately attested to by the system's independent auditors.

MOSERS' investments generated a time-weighted return of (2.64)% net of fees for FY15, trailing the policy benchmark by 0.90%. Although this return is lower than those generated the past two years (19.15% in FY14 and 10.4% in FY13), it reflects the volatility that the financial markets experienced through this fiscal year. As indicated in this report, the five year annualized MOSERS' return is 9.64% producing \$266 million, net of fees, in excess of the policy benchmark for that period.

Your retirement system continues to achieve high marks in the delivery of customer service to our members. One of the ways operational performance is measured is through the CEM Benchmarking, Inc. (CEM). CEM evaluated 56 leading pension systems, including systems in the U.S., Canada, Denmark, United Arab Emirates, and the Netherlands. MOSERS' peer group included 11 U.S. public pension plans that are identified as our most relevant peer group based on membership size and system assets. This year, the CEM results indicated that MOSERS' service ranked number one again in our peer group and was ranked the third highest in CEM's global universe of 56 plans. Our cost per active member and annuitant decreased to \$74 (from \$76) and was well below the peer average of \$112 per member.

I am pleased to report that Seth Kelly, MOSERS Deputy CIO, was recognized by *Chief Investment Officer* magazine as one of its "40 under 40" for 2015. This honor recognizes excellence in the investment arena for those under age 40. Seth has been a part of the MOSERS' investment team since 2004 and has been selected as the 2016 successor CIO. While MOSERS has always been aware of Seth's capabilities, we are proud of his recognition within the industry.

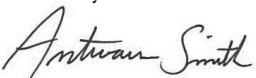
As a new day dawns on MOSERS' leadership, I would be remiss if I did not acknowledge the imminent departure of the MOSERS' Executive Director, Gary Findlay. Hired by the board in 1994, Gary has been a steadfast example of true leadership for more than 21 years. During my MOSERS' board tenure, I have found Gary to be exceptional in his ability to motivate and manage our exceptional staff. His guidance and direction have been paramount in the reputation of excellence that MOSERS enjoys today. On behalf of the board, I extend my sincere appreciation to Gary for his years of service and dedication to MOSERS and its mission. It is our hope that Gary will experience every happiness in his well-deserved retirement.

The board experienced some turnover this year. On behalf of the board and staff, I would like to thank Laura Davis for her hard work and active member representation while serving as a trustee to the system. Two new active member trustees were added to the board this fiscal year. Crystal Wessing and Shannon Owens were elected from a field of eight candidates and began their tenure in January 2015. We welcome these new members and know they will make valuable contributions. Don Martin also continued his board service after a successful re-election as the retiree representative. It is important to remember, trustees devote many hours in fulfilling their fiduciary duties and serve with no remuneration.

I wish to thank the entire board for their contributions this year as well as the staff for maintaining the high level of expertise and professionalism required in the pursuit of excellence in all of the activities in which we are involved. Lastly, I wish to express my gratitude to you, our members, for continuing in public service. Your dedication and commitment to providing services to Missouri citizens is greatly appreciated.

In closing, the board of trustees and staff look forward to serving your future needs. If you have any questions regarding this report or any other aspect of MOSERS, please contact us at MOSERS, P.O. Box 209, Jefferson City, Missouri 65102 or call 800-827-1063. Our website can also be visited at www.mosers.org.

Sincerely,



Antwaun Smith, Chair
Board of Trustees



Antwaun Smith
Board Chairman

Financial Statements

Summary Comparative Financial Statements

The following schedules present *Summary Comparative Financial Statements* of the pension trust funds for FY15 and FY14. The *Summary Comparative Statements of Fiduciary Net Position* are summaries of what MOSERS owns and owes as of the end of the fiscal year. The *Summary Comparative Statements of Changes in Fiduciary Net Position* shows financial activity occurring during the fiscal year and summarize the flow of money in and out of the fund during the year. The primary uses of MOSERS' assets include the payment of promised benefits to members and their beneficiaries, the refund of contributions to terminated employees, and the cost of administering the system.

Pension Trust Funds | Summary Comparative Statements of Fiduciary Net Position

	As of June 30, 2015	As of June 30, 2014	Amount of Change	Percentage Change
Cash and short-term investments	\$ 2,237,194,552	\$ 2,781,208,806	\$ (544,014,254)	(19.56)%
Receivables	373,465,032	92,320,761	281,144,271	304.53
Investments	10,258,761,342	9,208,420,646	1,050,340,696	11.41
Invested securities lending collateral	19,228,051	36,196,014	(16,967,963)	(46.88)
Capital assets	3,701,791	3,754,756	(52,965)	(1.41)
Other assets	26,425	47,564	(21,139)	(44.44)
Total assets	12,892,377,193	12,121,948,547	770,428,646	6.36
Administrative expense payables	1,399,712	1,443,657	(43,945)	(3.04)
Investment purchase payables	1,598,102	456,411,500	(454,813,398)	(99.65)
Securities lending collateral	19,918,342	37,195,140	(17,276,798)	(46.45)
Other liabilities	14,257,651	14,780,144	(522,493)	(3.54)
Obligations under repo agreements	4,203,408,628	2,339,232,799	1,864,175,829	79.69
MOSERS investment portfolio liability (MIP)	4,288,583	3,457,824	830,759	24.03
Total liabilities	4,244,871,018	2,852,521,064	1,392,349,954	48.81
Net positions restricted for pensions	\$ 8,647,506,175	\$ 9,269,427,483	\$ (621,921,308)	(6.71)

Pension Trust Funds | Summary Comparative Statements of Changes in Fiduciary Net Position

	Year Ended June 30, 2015	Year Ended June 30, 2014	Amount of Change	Percentage Change
Contributions	\$ 386,471,986	\$ 375,116,980	\$ 11,355,006	3.03%
Investment (loss) income - investing activities	(241,338,203)	1,505,566,826	(1,746,905,029)	(116.03)
Investment income - securities lending activities	116,204	530,974	(414,770)	(78.11)
Miscellaneous income	541,118	456,942	84,176	18.42
Total additions	145,791,105	1,881,671,722	(1,735,880,617)	(92.25)
Benefits	755,239,947	706,504,036	48,735,911	6.90
Service transfers and refunds	4,271,759	3,338,696	933,063	27.95
Administrative expenses	8,200,707	7,442,615	758,092	10.19
Total deductions	767,712,413	717,285,347	50,427,066	7.03
Net (decrease) increase	(621,921,308)	1,164,386,375	(1,786,307,683)	(153.41)
Net position beginning of year	9,269,427,483	8,105,041,108	1,164,386,375	14.37
Net positions held in trust for pension benefits	\$ 8,647,506,175	\$9,269,427,483	\$ (621,921,308)	(6.71)



The people at MOSERS are talented, professional, and easy to work with. It was energizing to work with employees that have a passion for excellence. The status quo is not good enough at MOSERS. They always strive to do things better. We made mistakes, but we learned from them and moved on.

— Randy Woods, IT Coordinator
Years of Service: 1987 - 2014

Investment Portfolio

Investment Return

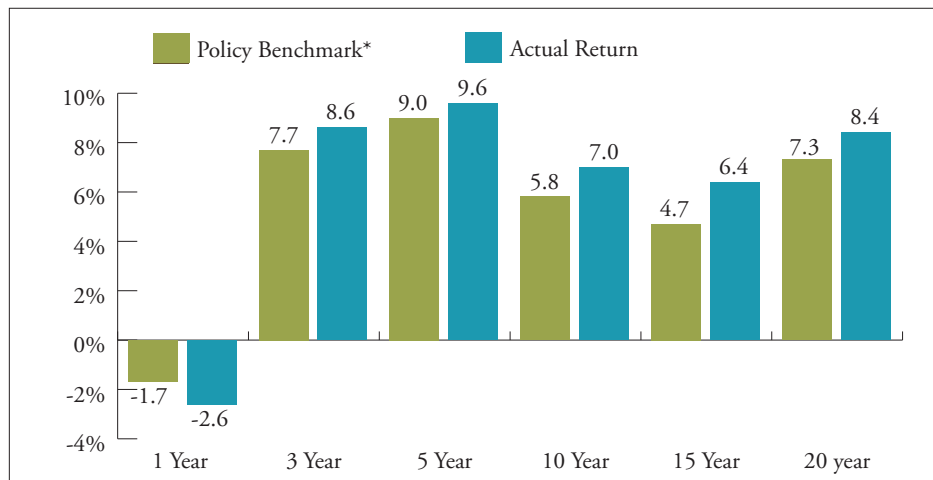
As of June 30, 2015, the MOSERS investment fund had total assets of 8.6 billion. MOSERS' investments generated a time-weighted return of (2.64)%, net of fees, for FY15. The total fund return trailed the 1-year policy benchmark by (0.9)%, earning \$84 million less than our benchmarks would have prescribed.

Comparison of the total investment return to a policy benchmark is a reflection of the extent to which the asset allocation kept pace with the system's funding objectives. The total fund 1-year performance underperformed the policy benchmark by (.09)%, with the actual 3-, 5-, 10-, 15-, and 20-year returns exceeding the policy benchmark as reflected in the *Total Fund Actual Return vs. Benchmark Returns* chart above.

Investment Risk

Market volatility is what investors traditionally consider to be the risk of investing. To protect against this risk, the MOSERS investment portfolio is diversified across a myriad of asset classes and investment strategies to mitigate the potential impact of negative economic circumstances. The *Asset Allocation* chart below reflects the actual percentage of the total investment portfolio by specific asset class at June 30, 2015. This asset allocation is built on the belief that diversification is critical in achieving consistent, high, long-term, risk-adjusted investment returns.

Total Fund Actual Return vs. Benchmark Returns



* As of June 30, 2015, the policy benchmark was comprised of the following components: 80% total beta-balanced policy benchmark and 20% total illiquids portfolio policy benchmark.

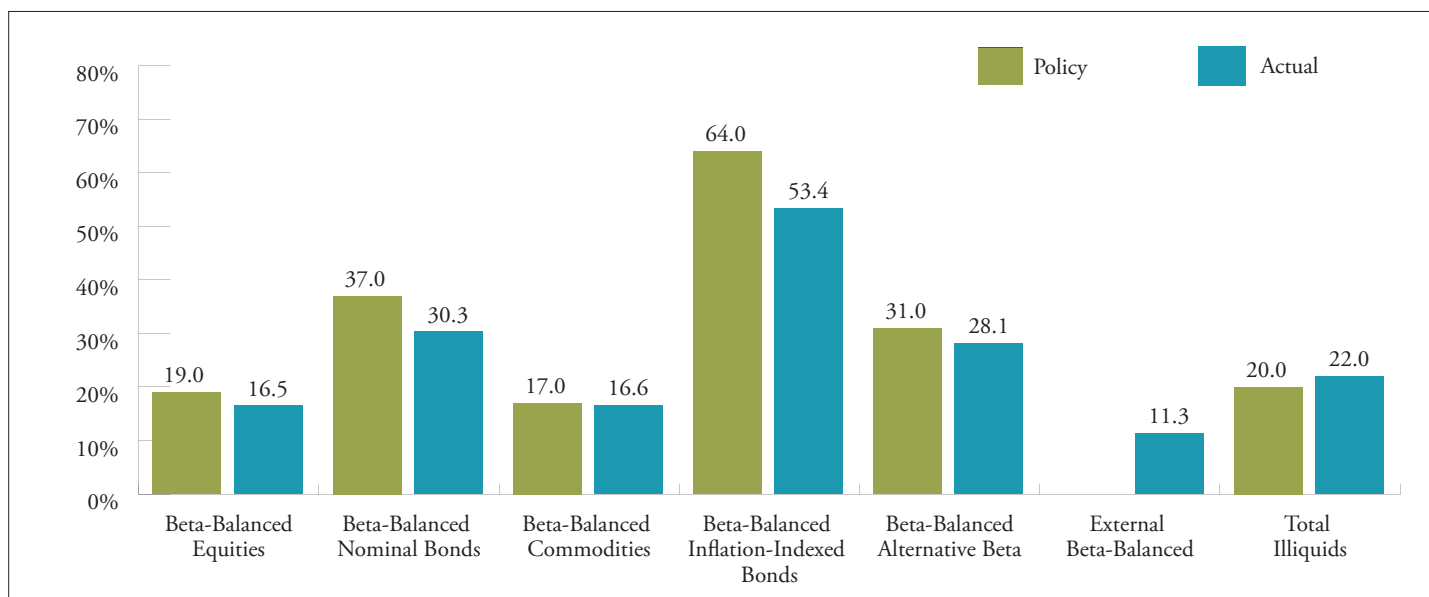


I was privileged to have worked at MOSERS under the leadership of Gary Findlay. Excellence was not just a word, it was a way of life and the focus of every decision made at MOSERS. I trust future generations of MOSERS' employees will carry on that philosophy, and will strive to provide even better service to the employees of the state of Missouri.

— Gary Irwin, Retired Chief Finance Officer
Years of Service: 1982 -2013



Asset Allocation



Actuarial Summary

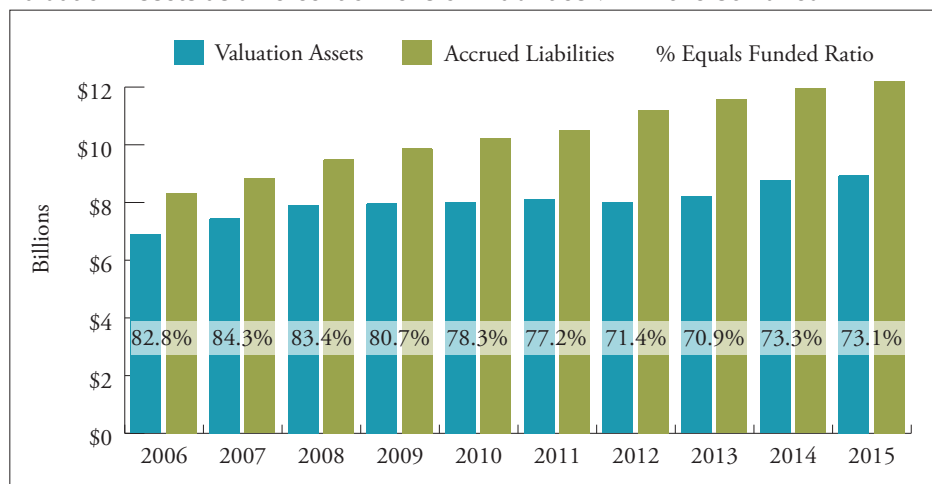
Retirement Funding

Your retirement benefits are funded by contributions from the state of Missouri and by investment income (and by your contributions, if you are a member of the MSEP 2011 or the Judicial Plan 2011). In order to ensure your benefits are available to you, MOSERS is constantly evaluating the assets (blue bar) relative to the value of the liabilities (green bar). The percentages shown in the bar chart indicate the extent to which the system was funded as of a given year.

The state must contribute the actuarially determined contribution that, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of the retirement system.

Through a history of reasonable benefit levels, mandatory participation, actuarially determined employer contributions, and professionally managed investments, MOSERS continues to be financially sound.

Valuation Assets as a Percent of Pension Liabilities | All Plans Combined



Like many of you over the course of our working career, I worked in a few jobs before I found one where I could enjoy contributing to an organization as a long-term employee. I came to MOSERS in 1980 and remained employed there until I retired in 2007. I can attest first hand that MOSERS “strives for excellence” in all aspects relating to its members and management of our pension plan. You and I are in “good hands” with MOSERS.

— Diana Mosier, Manager of
Administrative Services
Years of Service: 1980 - 2007

Summary of Member Data

June 30, 2015	MSEP*	Judicial Plan
Active Members		
Average age	45.5	56.3
Average years of service	11.2	11.7
Average annual salary	\$38,386	\$137,423
Retired Members		
Average age	69.7	75.5
Average annual benefit	\$15,149	\$60,150
Total Membership		
Active	49,980	405
Terminated-vested	19,290	29
Retired	42,964	539

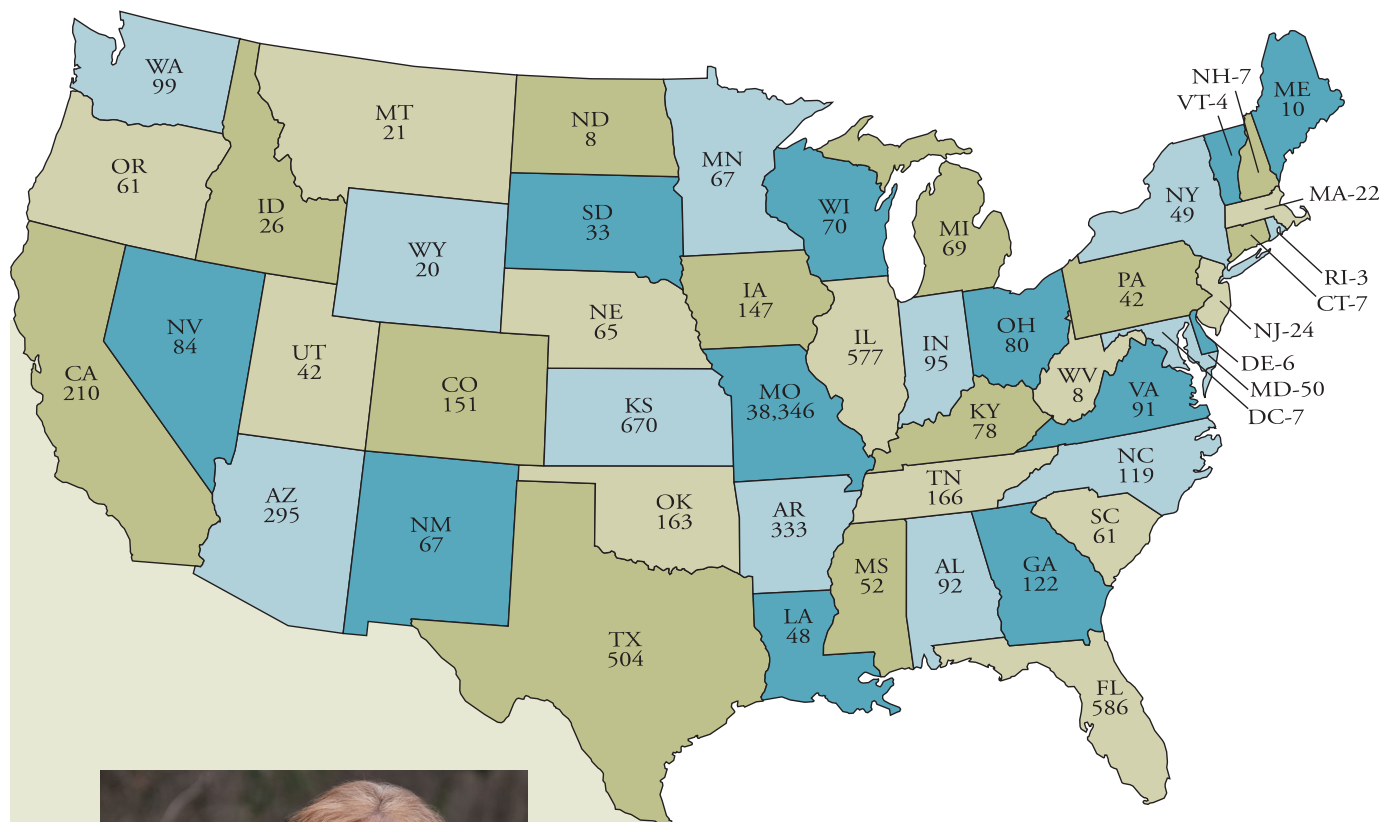
* Includes members in both the MSEP and the MSEP 2000.

Members Retired During Fiscal Year Ended June 30, 2015

Years Credited Service by Category	Average Monthly Benefit	Average Final Average Salary	Number of Retirees
<5	\$219	\$5,058	6
5-10	315	2,596	644
11-15	522	2,624	519
16-20	801	2,954	437
21-25	1,268	3,416	450
26-30	1,723	3,729	487
31+	2,217	4,016	250
All Members*	998	3,119	2,793

* Includes members in both the MSEP and the MSEP 2000.

Benefit Recipients by Location

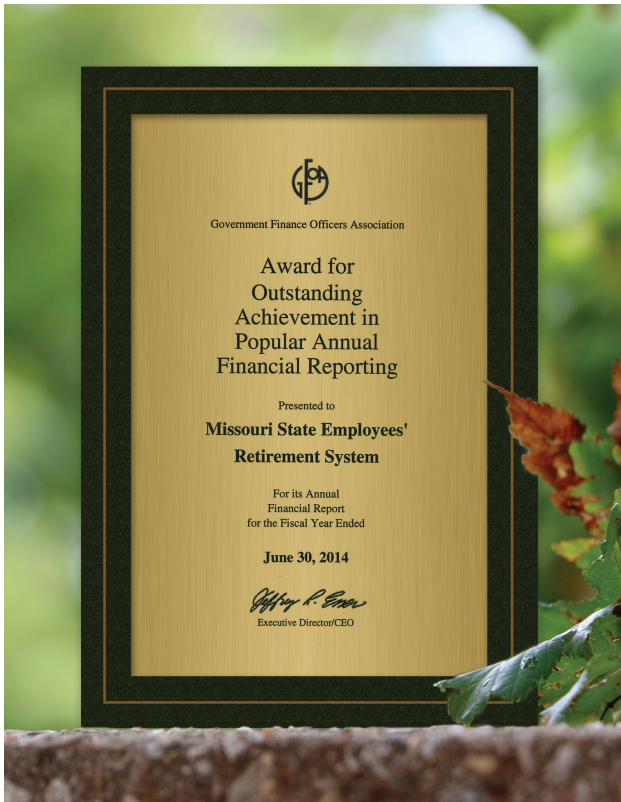


Every business day, of every month, of every year, there are people working to ensure that I have financial security for the rest of my life. The staff of the Missouri State Employees' Retirement System (MOSERS) is dedicated to providing outstanding customer service and investment performance for every state of Missouri employee and retiree, including me! The commitment to providing the best possible customer service and solid long-term investment performance is the very foundation of the work culture at MOSERS. "Excellence" is not a word on a motivational poster on the wall at MOSERS. Excellence is the basis for every task, each day, for each person working at MOSERS.

— Christine Gierer (Rackers), Retired Manager of
Investment Policy & Communications
Years of Service: 2005 - 2014

Benefit Recipients Outside the Continental U.S.

14	Alaska	2	Italy
9	Hawaii	1	Mexico
6	Army Post Office	1	Marshall Islands
1	Argentina	1	P. R. China
2	Australia	1	Panama
13	Canada	1	Philippines
1	Colombia, South America	1	Puerto Rico
1	Costa Rica	1	Sri Lanka
1	Czech Republic	1	Sweden
1	Equador	1	Thailand
1	Germany	1	The Netherlands
1	Guam	2	United Arab Emirates
2	India	3	United Kingdom
2	Ireland	2	Virgin Islands
2	Israel		



Professional Award

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to MOSERS for its summary annual report for the fiscal year ended June 30, 2014.

This prestigious national award recognizes popular reports for creativity, presentation, understandability, and reader appeal and is valid for a period of one year. We believe the current summary annual report continues to meet these program standards and we are submitting it to the GFOA for evaluation.

This *Summary Annual Financial Report* is derived from the information contained in MOSERS' *Comprehensive Annual Financial Report* (CAFR) but does not include all funds administered by MOSERS or certain other information required for conformity with Generally Accepted Accounting Principles (GAAP). MOSERS' financial statements are produced in conformity with GAAP. Contact MOSERS to request a copy of the CAFR, or explore it on our website at www.mosers.org. To request an alternative format, please contact MOSERS at (573) 632-6100 or (800) 827-1063. MOSERS is an equal opportunity employer.



Missouri state employees have worked hard throughout their careers to provide needed services to the citizens of the state. MOSERS staff is dedicated to making sure that these employees receive the best customer service and investment performance possible as they prepare for and enter their retirement years.

This year I'll become one of those retirees. I'm excited to pass the torch on to such a committed staff. It will be exciting to watch them build on the foundation and take it to new heights. We truly are "in good hands."

— Karen Stohlgren, Retiring Deputy Executive Director, Chief Operations Officer
Years of Service: 1996 - 2015



Missouri State Employees' Retirement System

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